

Water Transfer Roundtable Discussion
Thursday, July 2, 2009
Seller's Meeting – 3:00pm

Attendees

Ed Formosa	Sacramento Suburban Water District
Thang (Vic) Nguyen	DWR
Teresa Geimer	DWR
Doug Osugi	DWR
Brad Mattson	Richvale Irrigation District
Lynn Phillips	Stockton East Water District
Mark Orme	BWD
Dave Anderson	DWR
Tim Rust	USBR
Bob Niblack	DWR
Paul Johnson	Gallery and Barton
Aaron Ferguson	Tully and Young (SSWD)
Amy Steinfeld	Brownstein (Sac River Ranch)
Marc Van Camp	MBK

1) Introduction and Welcome

The purpose of this meeting is to discuss the 2009 program and proactively look at 2010 to discuss what can be done to make the program more efficient and effective.

The Department's Goals for the Drought Water Bank Program:

- 1) To develop and sustain a robust transfer market in California
- 2) To provide water for critical health and safety needs
- 3) To coordinate and facilitate environmental compliance

2) Review and Discussion of the 2009 Drought Water Bank

Many technical and administrative issues slowed the progress of the program in 2009 including:

- Environmental Permits took longer than expected for various reasons including a change in permitting method, the decision to open up a period of public review, and the garter snake issue.
- Some sellers perceived a lack of coordination between DWR and the Bureau and a lack of participation from the bureau. Some of this can be attributed to the change in administration in Washington which left key Bureau positions vacant and a lack of resources for the program itself.
- A 12% groundwater depletion standard was applied to all transfers because resources were not available to conduct individual studies. Sellers hoped that in the future lower, "more reasonable" numbers could be used.

- The use of the standard DGS contracting process did not work well for this program. It increased the time it took for the completion of contracts and forced the inclusion of language that was not pertinent.
- Issues with water identification and storage prevented sellers from participating fully.
- A lack of reference materials made the process difficult for new sellers.

Many of these problems can be attributed to a lack of resources within the Department. DWR is fully committed to providing all necessary resources to make the Drought Water Bank a successful program and resolve these issues for the upcoming year.

3) Planning for a potential 2010 Drought Water Bank

A) DWR's role

DWR and the Bureau will always be involved at some level because of they must facilitate environmental permitting, be part of the approval process for transfers, and store and move the water through their facilities.

DWR may continue its role as a broker for water transfers or step back and let the buyers and sellers negotiate directly.

DWR must have some way to make water available for critical health and safety needs; perhaps a first right of refusal to a percentage of Drought Water Bank water.

Since a large percentage of water transfers already take place outside of the Drought Water Bank, perhaps the state's role should be to provide assistance to less sophisticated water agencies that would not otherwise be able to participate in transfers.

B) Options for 2010

Any long-term program will not be ready for 2010. The 2010 program must find a way to build on the 2009 program and decrease the number of changes/ decisions that are made at the last minute.

C) Environmental Permitting

This year, environmental permitting used an exemption; this added time to the process since we had to wait for the Governor's proclamation.

Creating a long-term program should add credibility during this year's approval process and may even be required for a 2010 program to be approved.

4) Long-term Water Transfer program

A long-term transfer program would build a process which would include plans to respond quickly to last minute changes. It would provide a new full-scale state and federal EIR/EIS for the parameters of the program as it is defined, including

comprehensive endangered species act coverage possibly through a habitat conservation program. The document would cover all water transfers, not just ones included in the Drought Water Bank program.

The program would most likely be from seven to ten years but there were voices for shorter (5yr) and longer (25 yr) time periods. It would require some sort of mechanism for reevaluation throughout the course of the program.

5) Conclusions

The Department has committed the necessary resources to making the Drought Water Bank program robust and successful. Water transfers are now considered a standard water management tool, not only a drought response. Water transfers are one of many tools that must be used in the interim until we have a more comprehensive solution. We must move ahead concurrently with a long-term program and program for 2010 so that 2010's program can build and improve upon this year while a long-term program is prepared for 2011.